

Kentucky Agricultural Finance Corporation

Minutes of the July Meeting

The meeting of the Kentucky Agricultural Finance Corporation was held on Friday, July 21, 2006 at 10:00 AM CDT at the Wolf's Banquet and Convention Center in Henderson, Kentucky. Michael Judge, presiding, called the meeting to order. Mr. Judge then asked Nicole Ray, Board Secretary, to call the roll.

Members Present

Commissioner Farmer (Michael Judge, designee), Wayne Hunt, Larry Jagers, Doug Lawson, Billy Joe Miles, Bob Proffitt, James Reams, Annette Crawford Walters

Members Absent

Secretary Farris, Jane Jones, Charles Miller, Frank Penn

Others Present

Staff - Catherine Ball, Tim Hughes, Nicole Ray, Keith Rogers

Guests- Chris Kummer, Jill Kummer, Kentucky Specialty Grain; Ken McGuffey, CPC Commodities; Bill Wilson, CoBank; Kara Keeton, Keeton Communications; Kaycie Carter, Community Farm Alliance

Notification of Press

Tim Hughes stated that the media had been notified.

Review and approval of Minutes of June 2, 2006

Mr. Miles moved to approve the June minutes, Mr. Hunt seconded the motion. The motion passed without dissent.

Presentation

Chris Kummer from Kentucky Specialty Grains shared a presentation on soybean meal and oil production (on file with Board Secretary).

Near the end of the presentation, Mr. Judge and Mr. Hunt excused themselves from the meeting to attend the Agricultural Development Board meeting being held simultaneously in an adjoining room. At 10:15 AM Ms. Catherine Ball assumed the role of Chairperson of the KAFC Board meeting as Commissioner Farmer's designee.

Marketing and Business Development Coordinator's Report

Mr. Hughes updated the Board on current business.

Old Business

Mr. Hughes notified the Board that application AF06-0029 has been withdrawn by the applicants.

New Business

Loan applications

Agricultural Infrastructure Loan Program - Discussion and Action

Mr. Hughes presented the following loan applications:

AF06-0034 Applicants are requesting \$9,584 over seven years for construction of a 56' x 72' tobacco barn. Farm Credit Services in Bowling Green is the participating lender. **Application AF06-0034 has met the requirements and was approved by staff.**

AF06-0035 Applicants are requesting \$37,500 over eight years for construction of two 48' x 96' tobacco barns. US Bank in Hopkinsville is the participating lender. **Application AF06-0035 has met the requirements and was approved by staff.**

AF06-0036 Applicant is requesting \$28,250 over ten years for construction of a 44' x 176' tobacco barn. Farmers National Bank in Walton is the participating lender. **Mr. Lawson moved to deny AF06-0036, Ms. Walters seconded the motion. The motion passed without dissent.**

AF06-0037 Applicant is requesting \$32,500 over ten years for construction of a 45,000 bushel grain bin and related equipment. Integra Bank in Mayfield is the participating lender. Staff is awaiting additional information on this application.

AF06-0038 Applicants are requesting \$48,120 over ten years for construction of two 52' x 160' tobacco barns. Farm Credit Services in Hardinsburg is the participating lender. **Ms. Walters moved to approve AF06-0038 contingent upon KAFC receiving a new appraisal showing 85% or better loan-to-value, Mr. Proffitt seconded the motion. The motion passed without dissent.**

AF06-0039 Applicants are requesting \$100,000 over seven years for a new roller mill operation. Citizens First Bank in Bowling Green is the participating lender. **Mr. Proffitt moved to approve AF06-0039, Ms. Walters seconded the motion. The motion passed without dissent.**

AF06-0041 Applicants are requesting \$100,000 over ten years for construction of two finish floors or two gilt facilities. Jackson Purchase ACA in Murray is the participating lender. **Mr. Reams moved to approve AF06-0041, Mr. Lawson seconded the motion. The motion passed without dissent.**

AF06-0042 Applicants are requesting \$50,000 over ten years for construction of a hog nursery. Farm Credit Services in Bowling Green is the participating lender. **Mr. Jagers moved to approve AF06-0042 contingent upon KAFC receiving an appraisal, Mr. Proffitt seconded the motion. The motion passed without dissent.**

AF06-0043 Applicants are requesting \$28,092.50 over ten years for construction of a shop building to use for equipment maintenance and repair. Farm Credit Services in

Bowling Green is the participating lender. **Application AF06-0043 has met the requirements and was approved by staff.**

AF06-0044 Applicants are requesting \$10,000 over ten years for construction of a 30' x 60' farm shop and stripping room. Cumberland Valley National Bank in Somerset is the participating lender. **Application AF06-0044 has met the requirements and was approved by staff.**

AF06-0045 Applicants are requesting \$11,977.50 over ten years for construction of a 36' x 60' equipment storage and tobacco stripping facility. Cumberland Valley National Bank in Somerset is the participating lender. **Ms. Walters moved to approve AF06-0045, Mr. Proffitt seconded the motion. The motion passed without dissent. Mr. Reams abstained from voting.**

AF06-0046 Applicants are requesting \$27,500 over ten years for construction of a 48' x 108' tobacco barn with attached equipment/hay storage shed. Central KY Ag Credit in Lebanon is the participating lender. **Application AF06-0046 has met the requirements and was approved by staff.**

AF06-0047 Applicant is requesting \$100,000 over ten years for construction of a 300,000 bushel grain bin and associated input costs. Farm Credit Services in Owensboro is the participating lender. **Mr. Reams moved to approve AF06-0047, Mr. Lawson seconded the motion. The motion passed without dissent. Mr. Miles abstained from voting.**

AF06-0048 Applicant is requesting \$100,000 over ten years for construction of three tobacco barns. Kentucky Bank in Paris is the participating lender. **Ms. Walters moved to approve AF06-0048, Mr. Proffitt seconded the motion. The motion passed without dissent.**

AF06-0049 Applicants are requesting \$100,000 over ten years for comprehensive expansion and renovation of dairy facilities. Springfield State Bank in Springfield is the participating lender. **Mr. Jagers moved to approve AF06-0049 contingent upon KAFC receiving a new appraisal showing 80% or better loan-to-value, Ms. Walters seconded the motion. The motion passed without dissent.**

AF06-0050 Applicant is requesting \$100,000 over ten years for a comprehensive farm renovation project. Central KY Ag Credit in Lexington is the participating lender. **Mr. Miles moved to approve AF06-0050, Mr. Proffitt seconded the motion. The motion passed without dissent.**

AF06-0051 Applicants are requesting \$100,000 over ten years for a comprehensive renovation project including fencing and building repair. Central KY Ag Credit in Lexington is the participating lender. **Mr. Lawson moved to approve AF06-0051, Mr. Reams seconded the motion. The motion passed without dissent.**

AF06-0052 Applicant is requesting \$50,000 over ten years for excavation, fencing and construction of a farm office. Central KY Ag Credit in Lexington is the participating lender. **Mr. Reams moved to approve AF06-0052, Mr. Miles seconded the motion. The motion passed without dissent.**

AF06-0054 Applicant is requesting \$12,500 over seven to ten years for construction of a 42' x 144' tobacco barn. Peoples Bank & Trust Company of Clinton County in Albany is the participating lender. **Mr. Reams moved to allow staff approval of AF06-0054 contingent upon KAFC receiving additional information from the applicant, Mr. Lawson seconded the motion. The motion passed without dissent.**

Agricultural Processing Loan Program – Discussion and Action

Mr. Hughes updated the Board on the following applications:

AF06-0017 Commonwealth Chemical Traders - Staff is awaiting additional information on this application.

AF06-0040 Wildside Vines requested \$28,000 over ten years to finish construction of a grape and fruit processing facility and retail winery building in order to eliminate off-farm bottling expenses. Citizens Commerce National Bank in Versailles was the participating lender. The applicant has withdrawn the application.

AF06-0053 Kentucky Specialty Grain - No action was taken by the Board.

AF06-0055 Joe, Todd & Kenton Ball - Staff is awaiting additional information on this application. **Mr. Miles moved to give staff authority to approve contingent on a loan amount of no more than \$100,000; obtaining collateral showing 75% or better loan-to-value; and a business plan that shows this project will help producers in that area of the state. Ms. Walters seconded the motion. The motion passed without dissent.**

Executive Director's Report

Mr. Rogers notified the Board of the new Broadband pilot program that was adopted by the ADB.

Mr. Rogers notified the Board of the accounts set aside by the ADB for Ag Development Funds.

Mr. Rogers updated the Board on the West Kentucky Growers facility.

Mr. Rogers notified the Board that the next KAFC Board meeting will be held September 1 in Frankfort.

Other Business

Mr. Hunt spoke to the Board on future action to be taken regarding loan approval and applications to be made to the ADB. **Mr. Hunt moved to make a request at the**

August ADB meeting to move \$4 million from the Agricultural Processing Loan Fund with \$1 million going to Beginning Farmer Loan Fund and \$3 million going to Agricultural Infrastructure Loan Fund. Mr. Jagers seconded the motion. The motion passed without dissent.

Closing Remarks

The motion to adjourn was made by Mr. Jagers, seconded by Mr. Lawson. The motion passed without dissent.

The meeting adjourned at 12:10pm CDT.